

montgomeryhousingpartnership, inc

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July 24, 2009

Honorable Susan R. Hoffmann, Mayor
and Members of the City Council
City of Rockville
111 Maryland Avenue
Rockville, MD 20850-2364

Re: Beall's Grant II Apartments
250 N. Washington St.
Rockville, MD 20850

Dear Mayor Hoffmann and Members of the Rockville City Council:

Montgomery Housing Partnership Inc. ("MHP") is requesting that you provide a letter of support for the State of Maryland Department of Housing and Community Development's October 6, 2009 tax credit application round for the concept of a 74 unit affordable housing building to be built at 250 North Washington Street. This letter of support is required of us in order to apply for tax credit funding; the letter is a requirement of the application. While a formal resolution from the Mayor & Council is required for closing on the financing (approximately 18 months from now), only a letter of support is required at this time to apply for the tax credits. Attached is a sample letter we created for you and an excerpt from Maryland DHCD's Rental Housing Guide regarding letters of support.

The Need for Affordable Housing in Montgomery County

Montgomery County has a reputation for being one of the most affluent jurisdictions in the country. While the County has great wealth, the County also has an increasing number of residents that cannot afford the County's high market-rate rents. MHP is known for its high-quality, well-maintained mixed-use housing communities. Our developments are not seen as places where needy people live, but as convenient and well-appointed homes for a diverse group of residents.

History of Montgomery Housing Partnership

Over the past 20 years, MHP (an approved 501(c)(3) charitable nonprofit organization) has succeeded in creating and managing approximately 1,100 homes around Montgomery County. These are safe, clean, and affordable. Residents are offered award-winning "Community Life" programs. Among these are after-school programs for students, and computer, homeownership and other classes for adults. In addition, MHP runs a summer camp program, helps to collect backpacks and school supplies for its young



Working Together to Build Strong Communities



residents and organizes an annual toy drive that “Santa Claus” delivers to many of our properties at Christmastime.

History of the Site

When Montgomery Housing Partnership first bought the property on North Washington Street in the early 1990s, it featured a run-down motel that attracted drug dealers and prostitutes. It was rebuilt to great fanfare and then-Mayor Doug Duncan cut the ribbon for a new building of affordable housing units. In the decades since then, Beall’s Grant I has been a convenient home for residents of various economic levels. The Chief of Police indicates that there is no crime problem. Parking counts indicate many residents don’t own or need a vehicle; they walk or Metro to work or school. This community is a classic example of a “Smart Growth” location that has a proven track record of success.

In November 2005, MHP purchased the adjacent site, the vacant lot of a demolished retail store, and decided to redevelop the site.

The Original 109-Unit Plan

MHP, in consultation with the leadership of the West End Citizens’ Association for well over two years (culminating in a 9-0 WECA Executive Board vote endorsing the project in March 2008), submitted a plan for a 109 mixed-income building that was well within all applicable zoning laws. It was approved by staff and the Planning Commission in July 2008. However, at the Planning Commission hearing a great deal of concern from residents of the community was expressed.

Additional Outreach to the Community

After a West End Citizen’s Association meeting on October 16, 2008, in which many in the community voiced concerns over the size and massing of the project, in November of 2008, the Mayor & Council requested that MHP begin a negotiation process with representatives of the West End. After several outreach efforts to WECA, MHP began meeting with residents of WECA in late November 2008. Although many of these residents were named appellants in a court case appealing the Planning Commission approval and therefore staunch opponents of the project, MHP proceeded with good faith and open-minded participation. The goal was to reach a resolution before the December 16, 2008 Maryland DHCD tax credit round.

Collaborating with the West End Committee

After several meetings, it became apparent to all involved that an agreement would not be reached before the December 15, 2008 Mayor and Council vote on the letter of support. At that meeting, the Council declined to vote on the letter of support since no agreement had been reached on the size and design of the project.

In December 2008, WECA assembled an official committee (the “WECA Committee”) committed to a 90-day process to reach an agreement with MHP on a revised building design. The first WECA Committee-MHP meeting was held on February 2, 2009. Subsequent meetings with MHP were held on February 26th; March 12th and April 2nd, although the WECA Committee met by themselves without MHP being invited many times other than these dates.

Starting by ranking the key areas of concern, this committee worked with MHP to find common ground. Issues including the lengthy wall along North Adams Street, the height of the building, the number of units, the massing of the building, the appearance along Beall Avenue, lack of a “green” feel, and traffic ingress and egress, were all addressed. Each of these meant not just significant concessions for MHP, but significant cost in architects, engineers, and consultants, including substantial funds to create various massing models.

On April 2nd, an oral agreement was reached on the design and massing of a 74-unit building. On April 15th, MHP sent out its first letter to the WECA Committee delineating the terms of the agreed-upon building and architectural exhibits; on April 20th, a revised letter with additional exhibits was sent to the WECA Committee.

On May 26, 2009, MHP received a Memorandum of Understanding from the WECA Committee. Negotiations ensued for several weeks on this document. Finally, on June 17th, MHP and the WECA Committee met and came to an agreement on the key elements of the design and massing of the 74-unit building and many items not related to the design and massing. However, there were still a couple of items of disagreement. WECA signed an MOU that night that they could live with.

At present, MHP has not signed the MOU as proposed by the WECA Committee. That document remains unclear regarding the ability to use the Beall's Grant II property in the event of third party actions, outside the control of MHP or WECA, that prevent timely implementation of the consensus plan that is described in that MOU and to which MHP has agreed. Without addressing the circumstances for its termination, the MOU does not protect the ongoing rights to use the Beall's Grant II property. That being said, MHP is committed to moving forward with the project in accordance with the signed MOU.

We are proud that an agreement on the design and other fundamental issues has been reached. This new design features many significant changes to the original plan. Among these are:

- A one-third reduction in the number of units from 109 to 74;
- A Beall Avenue façade with a townhouse-like appearance to blend with the neighborhood;
- Reduction in the building's *actual* height, as well as the use of Mansard roofing to create the perception of an even lesser height;
- Increased green space to provide additional open areas;

- A reconfiguration of the parking structure so that there is no vehicular access on Beall (all traffic will exit and enter via Dawson Avenue);
- A dramatic reduction in the number of parking spaces proposed, since two levels of structured parking added substantially to the costs and had been demonstrated by Beall's Grant I's experience to not be needed; and
- Changing the building design along North Adams Street to present a more attractive view for those residents.

The Project's Current Status

As required by Rockville's new zoning laws, MHP is preparing to host a pre-application outreach meeting. In the meantime, our architects and engineers are working to modify the design details in keeping with the building described in the MOU and plan to submit the Pre-Application Meeting (PAM) application within the next two weeks. Finally, our staff is preparing to file an application with Maryland DHCD in early October 2009 for tax credit equity that will facilitate our moving forward expeditiously with this project.

Next Steps

MHP needs a letter from the City's leaders in order to move forward. We will obviously still need to go through the planning process for a parking waiver and for formal approval of the "major amendment" that is the smaller 74-unit building. We are asking for a simple unconditional letter of support for the concept of a 74-unit building as agreed upon by the WECA Committee and MHP that we can submit with our tax credit application. Maryland DHCD does not require local planning agency or planning board approval for the application. By your signing an initial letter, we can submit the application and be considered for funding.

To be clear: this is not the final item we will need from the Mayor & Council. After the tax credit application deadline, you will be able to review our work with the planning staff, planning commission, and the community at-large before granting us a formal resolution approving of the project, which is ultimately required by Maryland DHCD to close on the financing. Without this resolution, Maryland DHCD will not proceed with the official tax credit award.

In Conclusion

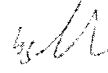
We are proud of the outcome of the seven months of collaborative meetings and therefore we are now asking for a letter of support that will enable us to move forward with our financing.

I would be happy to answer any questions. Please feel free to contact me at 301-622-2400 x14 or rgoldman@mhppartners.org.

Sincerely,



Robert A. Goldman
President



cc: Scott Ullery
Edward Duffy

Attachments